



CITY COUNCIL

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

VIA: Linda C. Lowry, City Manager

TITLE: Ratify agreement with the Robert Reed Family Trust for the purchase of parcels APN # 8269-044-008, 8269-096-001 and 8269-096-002 and authorize the deposit of \$64,000 into escrow.

RECOMMENDATION:

It is recommended that the City Council ratify the attached purchase agreement with the Robert Reed Family Trust to purchase three parcels and authorize the deposit of \$64,000 into an escrow account.

FINANCIAL IMPACT:

The City has deposited \$64,000 into an escrow account as a deposit on the purchase of three parcels with a total purchase price of \$3.2 million. This purchase was discussed with the Council during the closed session City Council meeting on April 18, 2006. The deposit of \$64,000 exceeds the City Manager's expenditure authority and requires Council ratification.

DISCUSSION:

The attached purchase agreement specifies the conditions for the City to acquire approximately 170 acres of property from the Robert Reed Family Trust. The agreement includes a 12 month escrow period with an option to extend escrow for an additional 12 months at the City's request. This escrow period will allow the City to perform its due diligence records review and conduct the necessary environmental assessment prior to purchase.

Further, the City and the seller have agreed that the City will maintain the property during the escrow period for a cost not-to-exceed \$24,000. This maintenance includes repairing any damaged fencing and performing brush clearance to prevent wildfires. The agreement stipulates that if the property closes escrow within 12 months, all maintenance expenditures shall be credited toward the purchase price. If, however, the City requests an extension of the escrow period beyond the first 12 months, the City waives its right to be reimbursed for all maintenance costs.

Prior to the close of escrow, the City Council will consider a resolution authorizing the purchase at the agreed upon price of \$3.2 million and appropriating the funds from the City's general fund reserve

restricted for economic development purposes. After the property is acquired by the City, it shall be used for a public purpose.

PREPARED BY:

Assistant City Manager

Attachments:

1. Purchase and Sale Agreement